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K mart Becomes Believer in Hypermarket Hype

Joins Bruno's in One-Stop-Shop Venture

By Laura Liebeck

TROY, Mich. — Grabbing hold of one of the hottest new retail concepts today, K mart will introduce its version of a European-style hypermarket as early as next fall, the nation's largest discounter announced earlier this month.

K mart, in a joint venture with Bruno's, a $1 billion a year supermarket chain, will take a step into "what may be the next evolution beyond the warehouse club concept," said A. Robert Stevenson, vice president, government and public relations.

Bruno's, based in Birmingham, Ala., operates 111 supermarkets in five Southeastern states.

In a joint announcement on Sept. 4, the two companies reported that K mart will own a 51 percent stake in the new partnership and Bruno's, 49 percent. Each company will share equally in the management of the new partnership.

K mart's entrance into hypermarket retailing comes on the heels of imminent store openings by several other companies. Wal-Mart is poised to open two hypermarkets; Carrefour will open one; and single-unit Bigg's of Cincinnati has two more locations ready to open shortly.

"This is the wave of the future," said Stevenson about K mart's interest in hypermarket retailing.

Stevenson told *DSN* that K mart felt compelled to try the new retailing format after one year of research indicated that consumers are looking for one-stop shop-

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Hypermarkets in the U.S.

Name	1st Unit Opened	Expected Store Count 12/87	12/88	12/89
Biggs (Euromarche, Super Valu Stores)	1984	1	3	4
Carrefour	1987[1]	1	2	4[2]
Hypermart USA (Wal-Mart, Cullum)	1987[3]	2	4	NA
Wal-Mart Super Center	1988[4]	0	3	NA
K mart, Bruno's[5]	1988[6]	0	1	NA

[1]Projected this fall in Philadelphia [2]DSN estimate
[3]Projected this fall in Garland, Tex., & Topeka, Kan. [4]Projected for Washington, Mo.
[5]Name to be selected [6]Projected next fall in yet to be determined site
NA—not available

Source: DSN research

It's Official! Antonini Takes Reins from Fauber

Joseph E. Antonini

TROY, Mich. — Joseph E. Antonini, president and chief executive officer of K mart, was elected chairman of the board of the nation's largest discount retailer on Sept. 15.

Antonini replaces Bernard M. Fauber, who retires on Sept. 30.

Fauber, who turned 65 on Sept. 18, will continue his 45-year career with K mart as a member of its board of directors and as chairman of the executive committee.

The announcement of Antonini's promotion to chairman concludes months of anticipation by industry observers who have long expected the move. In fact, late last year, Antonini told *DSN* that he expected to be elected chairman of the board when Fauber retired.

(Continued on page 33)

Zayre Reorganizes Field Operations; Plans Round-the-Clock Store Hours

FRAMINGHAM, Mass. — In the wake of Zayre's $40 million second quarter writeoff, the discounter this month reorganized its field operations and instituted a full-scale "open 24 hours" policy.

Zayre also unveiled a key element of its new competitive repricing effort, announcing the "Zayre Price Watch" in late August circulars.

Zayre Stores executive vice president Robert Alger explained that the field level reorganization will establish 23 metro organizations in three districts, staffed with hard and soft lines personnel, operations and loss prevention executives. Each team will be responsible for approximately 18 to 20 stores. The previous structure had 46 district managers in four zones overseeing some 9 to 10 stores each.

"This structure will shorten the lines of communication within the company and make

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Among the many discounters looking for deals on holiday and spring fashions at this month's MAGIC show were (from left) Caldor's Mark Kramarz, Rich Toback and John Ruotolo, and Venture's Debbie Spears and Bob Rauch. (DSN photos)

Big Discounter Turnout at MAGIC

Buyers Seek Hot Holiday Styles

By Kenneth M. Chanko

LOS ANGELES — Discounters were out in force at the spring 1988 MAGIC (Men's Apparel Guild in California) show earlier this month. Their leading priorities: looking for immediate deliveries on certain hot fashion lines for holiday, putting the finishing touches on their spring fashion buys and taking an early peek at fashions for fall 1988.

There appeared to be as many discounters as department and specialty store execs at the show, the most important exhibition for young men's and men's fashion sportswear. Seen walking the aisles at the Los Angeles Convention Center were large contingents of buyers and merchandise managers from K mart, Gold Circle, Zayre, Wal-Mart, Target, Fred Meyer, Caldor, Venture, Hills, Ames and Mervyn's, among others.

Also in attendance were buyers from Marshalls, Fisher's Big Wheel, Bradlees, Prange-Way, Rose's and Stuarts, and a couple of membership warehouse clubs.

(Continued on page 15)

GTE to Test Interactive Cable Shopping Service

By Arthur Markowitz

STAMFORD, Conn. — GTE plans to begin testing Main Street, its interactive cable TV teleshopping service, within the next two months on two systems in the Boston market.

Continental Cablevision and Warner Cable are reported to be the operators of the two systems. Comcast Cable, another operator, is waiting in the wings.

A further test is also likely early next year in Cerritos, Calif., when Apollo Cablevision expects to install a system in that Los Angeles suburb. GTE, a diversified communication company, will supply fiber optic lines for that system and is expected to also test Main Street there, a company spokesman said.

If the tests are successful, GTE will then roll out Main Street in the greater Boston area by mid-1988 and then phase in other markets.

Main Street becomes the second interactive teleshopping service in which consum-

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Off-Pricer Rack Follows Nord | *Promotions Film* | *Cosmetic Chain Grooms Image* | *Dart Bids for Dayton Hudson*

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MARKETWATCH

Dart Bids for Dayton-Hudson

WASHINGTON — The Dart Group, owners of discounters Crown Books and Trak Auto, have made a second attempt to acquire Dayton Hudson Corporation, owner of Target Stores. Though rebuffed in a previous attempt in June, Dart Group on Sept. 17 made a tender, which Dart values at $65 a share, or about $6 billion, for 90 percent of Dayton Hudson stock. Dart already owns about 5 percent. So far Dayton Hudson hasn't indicated how it will respond to the latest takeover attempt. But in June it went to great lengths to avoid a takeover, including getting the Minnesota legislature to pass a tough anti-takeover law. The Dart Group is controlled by the Haft family in Washington and has become known as a corporate raider for its stabs over the past two years at: The May Company, owner of Venture and now Caldor, Beatrice, Safeway and Supermarkets General. Although the attempts failed, the Dart Group made hundreds of millions of dollars in profits by selling stock it bought in the target concerns.

K mart Opens More Banking Centers

TROY, Mich. — K mart has opened leased banking centers in seven stores in the greater Washington, D.C., market and plans to shortly add these financial service sections to units in Kentucky and Pennsylvania. The in-store banks are operated by First Nationwide Bank and are among the 150-plus financial service centers that FNB and affiliates of the First Nationwide Network plan to open in K marts this year. Since the program was started three years ago, the discounter and the banking company have opened financial service centers in 145 K marts in eight states: California, Florida, Kansas, Michigan, Minnesota, Missouri, New York and Ohio, besides the seven in Maryland and Virgina.

Proposal Could Increase Welfare Costs

NEW YORK — Major retailers could experience welfare cost increases of 100 percent or more if a Senate proposal establishing a minimum level of health benefits for all employees passes, a survey by Towers Perrin Forster & Crosby indicates. Specifically, the percentage of retail organizations with medical plans that do not meet selected provisions of the Kennedy proposal for mandated medical coverage are listed below:

- 82 percent do not meet the requirement to provide medical coverage for all employees and dependents including part-time employees working as few as 17.5 hours;
- 82 percent do not provide coverage for the treatment of pre-existing conditions;
- 82 percent do not begin coverage within at least 30 days of employment;
- 73 percent do not cover well baby care;
- 73 percent do not provide free coverage for "lowest paid" employees;
- 91 percent do not meet the requirement that contributions for dependent coverage not exceed 20 percent of premium;
- 45 percent do not meet the requirement that individual coverage not exceed 20 percent of premium.

If such legislation is enacted, 35 percent of total survey participants said they would stop hiring part-time employees completely or reduce part-time hours to fewer than 17.5 hours a week.

Teleshoppers Plan Shakeup

CLEARWATER, Fla. — Two leading teleshoppers could be on the verge of major changes in their business structure. The Home Shopping Network, based here, plans to undergo "a major corporate reorganization" and become a diversified holding company. Its main focus would be the "retail sale of consumer goods and services" with other operations using TV, direct mail and telemarketing. Entertainment Marketing, the Houston-based consumer electronics wholesaler and retailer, is considering selling its teleshopping arm, the Consumer Discount Network. An unnamed firm has offered to buy CDN, which obtains most of its merchandise from discounter K mart's Ultra Buying Network division. EM is currently preparing a proxy fight over control of New York City consumer electronics retailer Crazy Eddie (see story, page 3).

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New Specialty Membership Club Takes Warehouse Concept to Drugs

By Pamela Krein

SACRAMENTO, Calif. — The wave of specialty concepts now sweeping the membership warehouse club industry will splash into the drugstore business this year when newly-formed Price Rite Stores opens its first unit here in December.

A blend of membership warehouse club and deep discount drugstore concepts, the Price Rite locations will offer 35,000 square feet of health & beauty aids, over-the-counter products, cosmetics, a pharmacy, food and general merchandise. Beyond the initial Sacramento location, the company said it expects to open five stores in Northern California within its first year.

Price Rite joins a growing list of specialty membership warehouse club concepts—including office supply clubs (Staples, Office Supply, Office Depot, Office Stations), sporting goods clubs (All American SportsClub, Sports Authority) and home improvement warehouse clubs (HomeClub).

Price Rite will be run by executives with extensive experience in both the discount store and membership club industry. All three company founders—John Koehl, Patrick Murphy and Robert Shew—previously worked for Troy, Mich.-based K mart.

Koehl, the chairman and chief executive officer, also previously served as a director and vice president of Riverside, Calif.-based warehouse club operator Saveco. Murphy, president and chief operating officer, has been vp, operations for the Skokie, Ill.-based Warehouse Club and general manager for San Diego, Calif.-based Price Club. And, Shew, who is Price Rite's executive vp, merchandising, spent some 27 years with K mart in various positions including store manager.

These executives said they expect each store to generate $10 million to $12 million in sales during the first year. According to Murphy, the company expects to realize eventual yearly per store sales of $16 million to $20 million.

Koehl said store interiors will be similar to those of warehouse clubs with concrete floors, steel racks, pallets and case stacked merchandise.

Price Rite executives, from left, Patrick Murphy, Robert Shew and John Koehl, are expecting each store to bring in $10 million to $12 million in sales during the first year. (DSN photo)

But, Shew said that while Price Rite will not sell the large industrial sized products common in membership clubs, it will offer multi-packs.

The stores will limit brand and size selection, allowing Price Rite to take advantage of manufacturer deals, quantity buys and ad allowances. Murphy said it will operate on a 9 percent to 12 percent margin on most products.

Beyond the typical drugstore items, Price Rite will carry products geared for the dental and medical professions, and will feature hair salons.

Office supplies will also comprise a portion of the general merchandise mix.

Shew said that general merchandise, food, and H&BA/OTC products will each account for a third of the store floor plan.

Price Rite said it will operate its membership policy similar to other specialty warehouse clubs, such as Los Angeles-based All American SportsClub. While business wholesale memberships will be available for $10 to $15, all consumers can shop the stores for free, but they will pay 5 percent above the posted price. Consumers may also pay a membership fee and purchase products wholesale.

The company plans on using minimal advertising in order to keep its overhead low. However, store site selections will most likely not be the often out-of-the-way locations.

"We want to ensure a certain amount of success with a good location," Shew said. So Price Rite is looking to position itself in neighborhood strip centers in order to compete more effectively with the three major drugstore chains in the Sacramento area—K mart's Portland, Ore.-based subsidiary, Pay Less NW, Los Angeles-based Thrifty and Longs, based in Walnut Creek, Calif.

Shew said a 35,000-square-foot store—as opposed to the typical 100,000 square feet occupied by most warehouse clubs—will enable Price Rite greater latitude in site and city selections. Beyond a projected three to four stores in Sacramento, Murphy said the company will probably look to Modesto and Fairfield—both medium-sized cities in Northern California.

The company chose Sacramento for its base of operations and first store for several reasons. The city offered a "strong economy, where the plans for future growth are excellent," Koehl explained.

The company is now privately held but there are plans to go public in the near future. With several warehouse clubs struggling for survival, Murphy said Price Rite is aware of the challenge it faces. He said costs will be kept to a minimum and sites will be leased.

Shew said, "Within two years we should have a good [profit] showing, and within five years, a good return on investment."

Firm Launches 'Smart' Card Test

AUCKLAND, New Zealand — An electronic credit/debit card has been launched in New Zealand.

The so-called "smart" card contains a computer chip that stores a wide range of financial and personal information about the cardholder, including past purchases. The information enables the card to be used as either a traditional credit card or debit card, as well as for such purposes as storing the cardholder's personal medical history, serving as a security pass to access buildings and a mass transit payment system.

Pilot efforts have been underway since the early '80s to launch smart cards in the U.S., France and Canada, but with limited success. The New Zealand effort is the first time a smart card has been introduced on a national scale.

Called the "Asset" card, the smart card is licensed by MasterCard International, with New Zealand merchant bankers Fay, Richwhite the local backers. Asset is the first card to use the ISO (International Standards Organization) chip standard which has received MasterCard's backing.

Shoppers can use the smart card as a normal credit card or as a debit card to directly charge a purchase to their checking account. The latter method provides almost instant payment to the retailer. Customers determine the payment method at the point-of-sale when they make a purchase.

Fay, Richwhite has been studying electronic banking systems for three years. It decided to introduce Asset because of the payment options and other benefits it offers to cardholders and retailers, said Michael Fay, chairman of Fay, Richwhite.

Russell E. Hogg, MasterCard International's chief executive, added: "We believe the introduction of smart cards will provide major new marketing opportunities for banks and retailers. It also will lead to a significant reduction in credit card fraud because the information in the chip can't be stolen in the way data can be skimmed from standard credit cards. And the smart card is almost impossible to duplicate."

Eye Care, Contraceptives Are Fastest Growing H&BA Categories

By Charles Bowlus
Executive VP, Sales, Boston Distributors

Eye care, contraceptives and incontinence products were the fastest growing health & beauty aid categories during the first half of 1987. The eye care category alone experienced a 62 percent increase over 1986 sales for the first and second quarters, according to Boston Distributors' product movement audit (PMA).

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	EYE CARE			
1	Bausch & Lomb Sens. Eyes Saline, 12-oz.	218,865	3.19	698,179
2	Soflens Cleaning Tablets, 24's	18,943	8.69	164,615
3	A O Sept, 8-oz.	26,815	5.29	141,851
4	Bausch & Lomb Saline Solution, 12-oz.	35,062	3.19	111,848
5	Allergan Clean. & Disinfect. Sol., 8-oz.	17,366	5.99	104,022
6	Soflens Cleaning Tablets, 12's	16,513	6.19	102,215
7	Lensept Disinfecting Solution, 8-oz.	18,263	4.79	87,480
8	Pliagel Cleaning Solution, 25-ml.	20,490	4.19	85,853
9	Bausch & Lomb Disinfect. Sol., 12-oz.	15,900	5.29	83,582
10	Bausch & Lomb Daily Cleaner, 12-oz.	19,767	4.19	82,824
11	Soflens Cleaning Tablets, 48's	5,784	13.97	80,802
12	Bausch & Lomb Sens. Eyes Saline, 8-oz.	23,813	2.99	71,201
13	Bausch & Lomb Daily Cleaners, 1.5-oz.	16,160	4.28	69,165
14	Opti-Zyme Enzymatic Cleaner, 24's	8,914	7.57	67,479
15	Lens Plus Saline Solution, 8-oz.	15,515	4.28	66,404

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CONTRACEPTIVES			
1	Today Vaginal Contracep. Sponge, 3-pk.	9,755	3.99	34,932
2	Encare Contraceptive Suppositories, 12's	4,641	5.59	25,943
3	Trojan ENZ Lubricated, 12's, 375	7,668	3.29	25,228
4	Gynol II Refill Large, 126-gm.	2,621	9.13	23,929
5	Conceptrol Disposable Gel, 6's	3,674	6.39	23,476
6	Trojan Ribbed, 12's	5,796	3.97	23,060
7	Ramses Extra, 12's	4,572	4.99	22,814
8	Trojan Regular, 12's, 75	7,596	2.39	18,154
9	Today Vaginal Contracep. Sponge, 12-pk.	1,124	12.73	14,308
10	Delfen Foam Kit, 20-gm.	1,681	8.49	14,272
11	Ortho-Gynol Refill Tube, 3.8-oz.	1,566	8.49	13,295
12	Today Vaginal Contracep. Sponge, 6-pk.	1,720	7.39	13,227
13	Lifestyles Nuda, 12's	2,989	4.39	13,122
14	Sheik Lubricated, 12's, 55	2,904	4.39	12,749
15	Excita, 12's	2,256	3.97	8,956

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Eye Care

Increased competitive pressures stemming from new product introductions and a significant increase in manufacturer promotional support have driven growth among eye formulations.

Bausch & Lomb remained the No. 1 line in this category of the PMA audit placing six sku's on the list. B&L's Sensitive Eyes Saline Solution in the 12-ounce size was the top eye care product, outdistancing No. 2 Soflens by a wide margin. Its market share threatened, B&L responded by dropping the promotional price on the 12-ounce by more than 50 percent, thereby effecting the huge jump in sales.

Allergan, with five items on the top 15 listing, is giving Bausch & Lomb the most difficulty—most likely due to new support of its brands with promotional monies for the trade.

Another growth area of the eye care category is the hydrogen peroxide disinfecting segment which was pioneered by Ciba. Ciba placed its A O Sept, 8-ounce in the No. 3 position and Lesept, 8-ounce, in the No. 7 spot.

We expect the spray saline and hydrogen peroxide segments to grow dramatically in 1987 but B&L has proven it intends to do whatever it takes to keep its No. 1 position.

Contraceptives will surpass eye care as the top percentage gainer during the course of the year as distribution of condoms increases. Now that the effectiveness of condoms in controlling AIDS and other sexually-transmitted diseases can be extolled on TV and radio, sales will skyrocket.

Trojan is expected to retain its dominant position in the market, but share points should slip as more players enter the field. VLI, makers of Today sponges, and Schmid Labs, makers of Koromex, are both launching condoms marketed and packaged for women. The products being introduced under the Today and Koromex brand names include carrying cases.

Boston's contraceptive PMA was again led by VLI's Today sponge. Encare Ovals edged out Trojan's Lubricated Condoms for the No. 2 spot. Ortho placed four items on the PMA including Gynol II, Delfin Kit and Gynol Refill. Trojan was the top condom line with three sku's on the listing.

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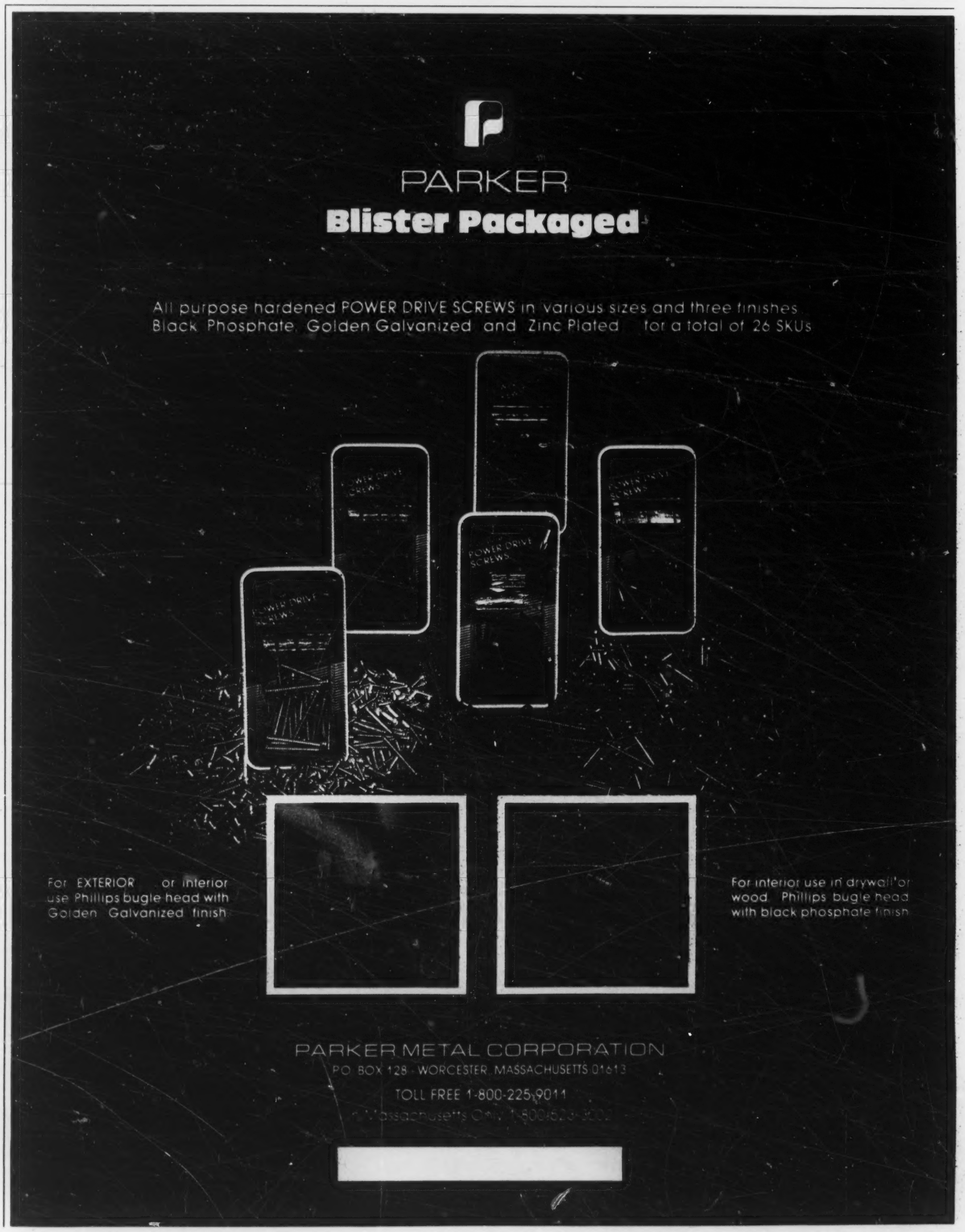
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Eye Care, Contraceptives Are Fastest Growing H&BA Categories

(Continued from page 25)

Trojan's Lubricated Condoms jumped to the No. 3 spot, the ribbed version took No. 6, and regular Trojan's were No. 8.

All condoms on the PMA were in the dozen package. We recommend merchandising condoms with other contraceptives in the feminine hygiene aisle because females are the primary purchasers of the product.

Another growth category in 1987 will be incontinence, led in the first half by Kimberly-Clark which placed seven sku's on our PMA including the first four spots. Procter & Gamble's launch of Attends and Personal Products' introduction of Serenity will explode the market in 1987 and 1988 as millions are spent in developing the consumer awareness of the category.

Incontinence products are expected to grow by over 500 percent in the next decade due not only to the development of the market but also to the graying of the baby boomers. The health aids business in general will benefit as the 50-plus age group will grow at twice the rate of the general population. By 2010, the over-50 segment will have grown by 72 percent.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	INCONTINENTS			
1	Depend Extra Absorbent, 30's	3,809	17.69	67,381
2	Depend Regular Absorbent, 36's	2,500	17.69	44,225
3	Depend Regular Absorbent, 12's	4,827	6.47	31,231
4	Depend Extra Absorbent, 10's	2,937	6.47	19,002
5	Surety Extra Absorbent Undergarment, 10's	1,404	4.49	6,304
6	Attends Undergarment Super, 10's	960	6.47	6,211
7	Depend Briefs Regular, 24's	302	17.33	5,233
8	Depend Briefs Large, 18's	294	17.33	5,095
9	Attends Briefs Medium, 10's	606	7.59	5,055
10	Attends Undergarmet Regular, 10's	948	5.27	4,996
11	Depend Shields Extra Absorbent, 12's	975	4.83	4,709
12	Surety Shields Extra Absorbent, 12's	1,380	3.39	4,678
13	Surety Extra Large Underpad, 20's	738	6.19	4,568
14	Attends Briefs Small	494	6.29	3,107
15	Serenity Super, 10's	546	5.49	2,998

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TOOTHPASTES			
1	Crest Tartar Control, 6.4-oz.	94,760	1.99	188,572
2	Aqua Fresh, 6.4-oz.	81,108	1.99	161,405
3	Crest Tartar Control Gel, 6.4-oz.	69,385	1.99	138,076
4	Colgate Dental Cream Family, 7-oz.	52,678	1.99	104,829
5	Crest Regular, 6.4-oz	47,577	1.99	94,678
6	Crest Gel, 6.4-oz.	38,181	1.99	75,980
7	Colgate Tartar Control Regular, 6.4-oz.	36,060	1.99	71,759
8	Crest Tartar Control Gel Pump, 6.4-oz.	26,889	2.49	66,954
9	Crest Pump Tartar Control, 6.4-oz.	26,490	2.49	65,960
10	Crest Mint, 6.4-oz.	33,125	1.99	65,921
11	Colgate Tartar Control Gel, 6.4-oz.	33,073	1.99	65,815
12	Crest Pump Tartar Control, 4.6-oz.	32,640	1.99	64,954
13	Crest Tartar Control, 4.6-oz.	37,998	1.69	64,217
14	Crest Tartar Control Gel, 4.6-oz.	37,858	1.69	63,980
15	Crest Tartar Control Gel Pump, 4.6-oz.	29,163	1.99	58,034

Source: Boston Distributors, Maple Heights, Ohio, for the period of January through June 1987. The company supplies 1,200 stores including over 650 discount stores in 23 states. Average retail prices reflect typical price points for mass merchandisers.

H&BA manufacturers are beginning to develop health aid categories now so that they are well-positioned for the boom. P&G is developing the laxative category by increasing significantly the marketing support given to its recently-purchased Metamucil brand. Metamucil already dominates the laxative PMA, placing eight sku's in the top 15 including the No. 1 spot with a bonus 17.5-ounce size of the regular powder.

P&G is presently testing a reformulation of its sugar-free put-ups which boast superior flavor and consistency. The Metamucil brand will also be touted for its high-fiber content. Fiber efficacy in reducing blood serum cholesterol levels and an apparent correlation between a high-fiber diet and a reduction in colon cancer are presently receiving wide publicity in the media.

Antacids are experiencing moderate increases with extra-strength formulations demonstrating the strongest growth. Maalox 12-ounce led the Boston PMA followed by Mylanta 12-ounce. Extra Strength Mylanta, Mylanta II, came in at No. 3 while Maalox's Extra Strength Plus brand ranked No. 4. Pepto Bismol, soon to test an extra-strength formulation, took Nos. 5 and 6.

The big story in the analgesics category is more what did not happen than what did.

The new Ibuprofen brands, most notably McNeil's Medipren, have not performed as well as expected. Tylenol's Extra Strength Caplets took the No. 1 position by a nearly 2-to-1 margin over No. 2, Bufferin. Bufferin sales were boosted by strong promotional activity.

Tartar Toothpaste

In toothpaste, tartar formulations have made the difference in the category during the first half of the year.

Crest's tartar took the No. 1 spot and its tartar gel placed No. 3. In all, Crest placed 11 sku's on the PMA, eight of which were for tartar formulations. Two out of the three Colgate sku's on the PMA were tartar formulations bringing to 10 the total tartar rankings out of the 15 sku's on the listing.

Black hair care products' growth in the first half was led by the relaxer kit segment with Dark & Lovely kits placing three sku's on the listing and Johnson's Gentle Treatment Kit taking No. 9. Curl products continue to dominate the PMA due to its higher use-up rate despite a decline in curly hair styles.

Soft Sheen's Carefree brand was again the No. 1 black hair care line with 6 sku's on the top 15. Improved consumer awareness of retail prices and the availability of lucrative promotional allowances make this category especially attractive for in-store promotions.

Real growth in several H&BA categories will be more difficult for retailers to achieve for the balance of 1987 as we witness a reduction in the number of significant new item introductions.

New items, with accompanying enormous advertising budgets, have been the driving force behind H&BA growth for the past decade. This impetus has been in large part negated by the trend by major manufacturers of buying established brands as opposed to developing new ones. In order to attain sales gains, discounters must be more aggressive in capitalizing upon the opportunities represented by growth categories such as eye care and condoms. In-store promotions, comprised of bulk-stacks and endcaps, should supplement print ads to capture greater impulse sales and to enhance a low price discount image.

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K mart Teams Up with Food Chain to Open Hypermarket

(Continued from page 1)

the success hypermarkets have enjoyed in Europe for the last 20 years.

K mart, he said, was attracted to the retailing finesse and reputation of Bruno's.

He discounted Wal-Mart's, Carrefour's or Bigg's hypermarket plans as driving forces behind K mart's decision to enter this new retailing form.

Analyst Fred Wintzer of Alex Brown & Sons, Baltimore, observed, "K mart will try to get into every new retail concept that poses a threat to its core business."

If hypermarkets prove acceptable to American consumers, K mart and Bruno's want to be on the cutting edge, with the shopping environment customers want, added Lee Wilder, an analyst with Robinson Humphrey, Atlanta.

The retailers will open their first unit next fall "somewhere in the Southeast," said Beth Dunnaway, director of consumer affairs at Bruno's. Additional units will follow, although no timetable has been established.

The site of the unit will likely be announced next month, she said. Several locations are currently being considered, but Bruno's home base of Birmingham is not one of them, she said. The first unit, as well as future ones, will be located in major metropolitan markets with populations of at least 250,000 people.

The still unnamed hypermarkets will contain 225,000 square feet of retail selling space including broad selections of both food and general merchandise plus "complementary" specialty stores and businesses. The specialty stores, however, may not be installed in every unit and will comprise only up to 20,000 square feet, said Dunnaway.

The hypermarkets may not carry the same lines of merchandise as the two retailers' traditional stores, said K mart's Stevenson. He stressed that the hypermarkets will sport a new look and identity separate from both K mart and Bruno's.

Other specific details of the hypermarket are not yet available. For example, the percentage of food to general merchandise has not been decided nor has store layout and positioning for the specialty retailers.

James A. Glime of K mart's specialty retailing division has been named chief executive officer of the venture. Lewis Adkins, an area manager for Bruno's, was named general manager of food for the hypermarket. For now, the hypermarket will be directed out of K mart's Troy headquarters.

Although Bruno's is a small grocery operation compared to other food retailers like Safeway, Kroger, and A&P, among the nation's largest chains, it is viewed by many analysts as a superior operator and an excellent choice to be a partner with K mart.

"K mart is linking up with a real quality company," said Wintzer. He added: "Historically, they [Bruno's] are one of the most profitable supermarket companies. They are a real class act."

Bruno's operates 111 supermarkets in Georgia, Alabama, Tennessee, Mississippi and Florida under the names of Food World, Food Max, Consumer Warehouse and Bruno's. They are considered "upscale" food retailers providing more service departments than the chain's competitors and merchandise that is not "as competitively priced" as others, commented Wilder of Robinson Humphrey.

Dunnaway told *DSN* that Bruno's, which has been aggressively expanding and looking for new niches, was particularly pleased to have been contacted by K mart for this venture.

Hypermarket retailing was a "logical choice" for Bruno's, she said, since one-stop shopping is the trend in retailing today. "This is the ultimate in one-stop shopping," she said.

Antonini Named K mart Chairman

(Continued from page 1)

Following the announcement, Antonini could not be reached for comment, but a company spokeswoman said no operational changes are expected.

"He will continue to set in place what Mr. Fauber started," the spokeswoman said, making particular note of K mart's retail automation program. In addition, she said Antonini will continue focusing on more employee training programs and further developing K mart's customer service departments, among other projects.

Antonini, 46, has been president and ceo of K mart since August 1986.

He joined K mart in 1964 as a management trainee in Pennsylvania, after graduating with a bachelor of science degree from West Virginia University.

In his 24 years with K mart—the only company for which he has ever worked—Antonini has held numerous positions. He became president and coo of the apparel division in 1984; senior vp of K mart Corp. in 1985; and executive vp of K mart Corp. and president and ceo of K mart Apparel in early 1986 before being elected president and ceo last year.

At K mart, Antonini is perhaps best known for his "marketing mind," the spokeswoman said, noting that in 1985 he introduced K mart to celebrity apparel with the Jaclyn Smith Signature Collection. And recently, he introduced Martha Stewart as entertainment and lifestyle spokeswoman and consultant for the company's new Home Fashions Division.

Antonini is also credited with restructuring hard lines merchandising into six separate divisions, putting emphasis on category merchandising and specialization.

Antonini, whose promotion becomes effective Oct. 1, is the sixth K mart chairman, taking over from Fauber, who has held that post since 1980.

Crazy Eddie's Founder Bailing Out

(Continued from page 3)

Antar, who owned about 75 percent of the company when it went public in 1984, now holds only 1.5 million shares or 4.7 percent. Entertainment Marketing, a Houston-based electronics wholesaler, and its president Elias Zinn, hold 1.7 million shares or 5.3 percent of the 31 million Crazy Eddie shares outstanding. A spokesman for Entertainment Marketing told *DSN* that neither Zinn nor the firm were involved in the Antar stock sale.

"When the chairman of the company is unloading his stock and withdraws his own personal stake then obviously this does not sit well with shareholders," said Zinn.

Entertainment Marketing and The Oppenheimer-Palmieri Fund have retained Carter Organization, a proxy solicitation firm, to represent its interests in Crazy Eddie.

Speaking before the New York Society of Security Analysts on Sept. 9, Zinn made it clear that he felt Entertainment Marketing could revive the fortunes of the once high-flying CE chain.

Zinn, who lives in Texas, said he is prepared to move to New York. Dennis Lamm, cofounder of Entertainment Marketing, would be left to run EM operations in Houston. Zinn also said he has lined up a team of professionals in the New York market to run Crazy Eddie should he gain control of the company.

Spurred by a lawsuit filed by Entertainment Marketing, Crazy Eddie's board announced it will hold an annual meeting on Nov. 6, for shareholders of record as of Oct. 6. The last annual meeting of Crazy Eddie shareholders was held more than a year ago, on July 22, 1986.

Zinn also stated at the New York City meeting that he visited all 41 Crazy Eddie stores and saw weaknesses in the way the stores were merchandised. In particular, he attributed sloppy displays to the lack of hands-on management.

Comparable store sales for Crazy Eddie's second quarter ended Aug. 31 decreased 29 percent compared with last year's quarter. Comparable store sales for the first six months declined 26 percent. Crazy Eddie expects to report a greater loss for its second quarter than the net loss of $2.3 million reported in the first quarter ended May 31. For the year-ago second quarter, Crazy Eddie posted net income of $3.75 million.

The troubled electronics chain is hoping cost reduction efforts, such as the implementation of a POS system which is to be completed chainwide by Christmas, will bring significant cost savings.

The chain is also counting on the installation of jewelry departments in a majority of stores by Christmas to generate additional revenue. Crazy Eddie announced this month an agreement with Finlay Fine Jewelry, a division of S&L Acquisition Co. L.P. of New York, to supply these departments.

Crazy Eddie also sees the cellular phone business as another opportunity to return the chain to profitability. On Sept. 16, it entered into an agreement with M.C.S.I, a subsidiary of Motorola, for the installation and service of cellular telephone systems.

Zinn said he firmly believes Crazy Eddie's problems could be solved if there were energetic and enthusiastic hands-on management in place as well as tight cost controls.

"Crazy Eddie is still a great opportunity for us since it is still the No. 1 operator in the intense New York market, has significant volume and great store locations," Zinn said. Crazy Eddie's major competitors in the New York metro market include Newmark & Lewis and The Wiz.

Antar, along with the Belzberg family of Canada, withdrew a $7 per share bid for Crazy Eddie on Aug. 12, after Entertainment Marketing withdrew an $8 bid on July 28.

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